

No. **9-210A097**

Date **NOV 6 1979**

Fee \$ **10.00**

ICC Washington, D. C.

LAW OFFICES
RICHARD MARTIN CONTINO

717 FIFTH AVENUE

SUITE 1206

NEW YORK, NEW YORK 10022

212-759-5648

RECORDATION NO. **10268-A** Filed 1425

NOV 6 1979-1 15 PM

INTERSTATE COMMERCE COMMISSION
November 5, 1979

NOV 6 1 05 PM '79
I.C.C.
OPERATION BR.

RECEIVED

Mr. Gordon H. Homme, Jr.
Secretary
Interstate Commerce Commission
Room 2215
Washington, D. C. 20423

Dear Mr. Homme:

As counsel for Rex Railways, Inc. ("Rex"), a New Jersey corporation, I have been requested by Rex to submit to you for filing pursuant to Section 11303, Title 49, United States Code the enclosed Assignment of Lease and Security Agreement (the "Assignment"), dated as of October 10, 1979, relating in part to the assignment of a Lease Agreement (the "Lease"), dated as of October 12, 1978, between Rex, as lessor, and the Lamoille Valley Railroad Company, as lessee, by Rex to the American Fletcher Leasing Corporation. The Lease was filed with the Interstate Commerce Commission on April 9, 1979 (Recordation No. 10268-A) and provides for the leasing of railroad cars (the "Cars") bearing road numbers LVRC 4050 through 4099, inclusive. The Cars have been plainly marked on both sides with the words "Ownership Subject to Documents Filed Under the Interstate Commerce Act". All 50 of the Cars are 50'6" box-cars equipped with 70-ton trucks, 10' sliding doors and 10" end-of-car cushioning.

I am delivering three manually executed copies of the Assignment. I would appreciate it if you would have two copies stamped as recorded and returned to me at your earliest convenience. The required filing fee is also being delivered with this letter.

Thank you for your assistance.

Very truly yours,

Law Offices
RICHARD MARTIN CONTINO

By 

RMC/lrs
Encl.

cc: Mark A. Salitan

Countersigned - David X. Lee

Interstate Commerce Commission

Washington, D.C. 20423

11/6/79

OFFICE OF THE SECRETARY

**Richard Martin Contino
717 Fifth Avenue
Suite 1206
New York, N.Y. 10022**

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on at , and assigned recordation number(s). 11/6/79 1:15pm 10268

Sincerely yours,

Agatha L. Mergenovich
**Agatha L. Mergenovich
Secretary**

Enclosure(s)

Assignment of Lease
and
Security Agreement

RECORDATION NO. 10268-4 Filed 1425

NOV 6 1979 - 1 15 PM
INTERSTATE COMMERCE COMMISSION

dated as of

October 10, 1979

between

Rex Railways, Inc.,
New Jersey corporation

and

American Fletcher Leasing Corporation,
an Illinois corporation

ASSIGNMENT OF LEASE
and
SECURITY AGREEMENT

This ASSIGNMENT OF LEASE and SECURITY AGREEMENT, is entered into as of October 10, 1979, between Rex Railways, Inc., a New Jersey corporation, and American Fletcher Leasing Corporation, an Illinois corporation, with reference to the following:

Recitals

(a) Unless otherwise expressly stated or required by the context, all capitalized terms used herein shall have the meaning set forth in Section 1 hereof;

(b) Borrower has had negotiations with Lender and has requested Lender loan certain funds to Borrower;

(c) All of such funds loaned by Lender to Borrower shall be applied by Borrower to enable Borrower to repay the existing indebtedness of Borrower with respect to the Chattel; and

(d) Borrower has entered into the Lease with Lessee which provides that the Chattel shall be leased by Borrower to Lessee and in order to provide further inducement for Lender to lend such funds to Borrower, Borrower agrees to assign for security purposes its rights under the Lease to Lender.

(e) Lender is willing to lend such funds to Borrower upon the terms and conditions of the Loan Agreement, the Guarantee and this Assignment and Security Agreement.

For purposes of convenience, this Assignment and Security Agreement is divided into sections; it being understood, however, that all sections are considered together as part of one and the same document.

Definitions

1 Defined Terms. Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Assignment and Security Agreement and shall be equally applicable to both the singular and the plural forms of the terms defined:

1.1 "Assignment and Security Agreement" shall mean this Assignment and Security Agreement dated as of October 10, 1979 between Borrower and Lender.

1.2 "Borrower" shall mean Rex Railways, Inc., a New Jersey corporation.

1.3 "Chattel" shall mean those certain 50 XM 50'6" inside length, 70-ton box cars with 10' sliding doors, and having consecutive road numbers LVRC 4050 through LVRC 4099.

1.4 "Closing Date" shall have the meaning set forth in the Loan Agreement.

1.5 "Collateral" shall mean the Chattel that is encumbered or mortgaged by Borrower to Lender as security for the Loan, and shall include any and all replacements and substitutions therefore, plus the Lease that has been assigned pursuant to this Assignment and Security Agreement.

1.6 "Event of Default" shall have the meaning set forth in Section 5 of this Assignment and Security Agreement.

1.7 "Event of Loss" with respect to any Unit of the Chattel shall mean the loss, damage or destruction of such unit with the result that such unit is rendered unfit for further use by Borrower, or the condemnation or requisition of such unit by any governmental agency or authority.

1.8 "Lease" shall mean the lease dated as of October 12, 1978 between Borrower and Lessee, as supplemented by an Equipment Schedule, Addendum Valuation Agreement and Addendum No. 2, all dated April 6, 1979.

1.9 "Lender" shall mean American Fletcher Leasing Corporation, an Illinois corporation.

1.10 "Lessee" shall mean the Lamoille Valley Railroad Company, a Vermont corporation.

1.11 "Loan" shall mean the aggregate unpaid principal amount of the Note outstanding from time to time.

1.12 "Loan Agreement" shall mean the Loan Agreement dated as of October 10, 1979 between Borrower and Lender.

1.13 "Note" shall mean that certain Promissory Note dated as of the Closing Date issued by Borrower to Lender pursuant to the Loan Agreement.

1.14 "Obligations" shall mean (i) Borrower's duty to pay principal and interest, as set forth in the Note, when due, whether at the stated date or by acceleration and (ii) punctual payment of all other monetary obligations of Borrower to Lender pursuant to the Note, this Assignment and Security Agreement and the Loan Agreement.

1.15 "Security Interest" shall mean the Grant of Security as provided in Section 2 of this Assignment and Security Agreement.

1.16 "Term of the Loan Agreement" shall have the meaning set forth in the Loan Agreement.

Assignment and
Security Interest

2 Grant of Security. As collateral security for the payment and performance of the Obligations, and effective as of and after the Closing Date, Borrower does hereby transfer, assign, grant, bargain, sell, convey, hypothecate, and pledge to Lender, its successors and assigns:

2.1 Security Interest in Chattel. A Security Interest in the Chattel, together with (i) any and all accessories, equipment, parts and improvements now or at any time hereinafter attached or appertaining to the Chattel, and (ii) any and all substitutions, renewals and replacements for, and any additions, accessions and accumulations to the Chattel.

2.2 Assignment of Lease. All Borrower's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by Borrower from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise, and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which Borrower is or may become entitled to do under the Lease; provided, however, that, so long as no Event of Default or event which with lapse of time or giving of notice could constitute an Event of Default shall have occurred and be continuing, and without any way limiting the right of Lender to exercise the rights assigned to it without the consent of Borrower, Borrower shall be entitled to exercise any right of Lessor under the Lease. In furtherance of the foregoing assignment, the Borrower hereby irrevocably authorizes and empowers Lender in its own name, or in the name of its nominee, or in the name of Borrower or as its attorney, to ask, demand, sue for, collect and receive any and all payments to which Borrower is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions of the Lease.

2.3 Security Interest in Income. To the extent not included in the next preceding subsection, all rental, issues, income and profit from the Chattel.

Warranties of Borrower

3 Warranties. As of the Closing Date, Borrower warrants that the Lease and all documents connected therewith and each of them are genuine and in all respects what they purport to be and enforceable according to their terms, and that they are, and will continue to be the only, and all of, the instruments executed in connection with the Lease of the Chattel; that all statements contained in the Lease are true; that the Lease, and the obligations which it evidences are, and will continue to be, free and clear of all defenses, set-offs, counterclaims, liens and encumbrances of every kind and nature; that at the time of the execution of this Assignment and Security Agreement, Borrower had good title to the Chattel and full right to enter into the Lease; that the Chattel has been delivered to the Lessee in satisfactory condition and has been accepted by the Lessee under the terms of the Lease; that all sales or other tax that may be payable on the transaction has been paid; that all parties to the Lease have full capacity to contract; that Borrower has no knowledge of any facts which impair the validity of the Lease or any lease document or make the same less valuable; that all filing and recording required by law have been completed and complied with; that any requirement of new or further filing, recording or renewals thereof shall be complied with by Borrower.

Borrower further expressly warrants and represents that the Lease arises out of a bona fide lease in the first instance of the Chattel to Lessee that prior to the execution of the Lease, Lessee did not have any interest, directly or indirectly, in the property described therein or leased thereby; that all payments made of rent or otherwise, have been made by Lessee in cash and not otherwise unless otherwise stated in the Lease; that Borrower has not and will not give or loan to Lessee directly or indirectly, any unpaid rent and that Lessee has not received and will not receive from or through Borrower directly or indirectly, any part of the consideration for this Assignment.

Covenants of Borrower

4 Covenants. As of the Closing Date, Borrower warrants, covenants and represents that:

4.1 Quiet Possession. Until the happening of an Event of Default, Borrower shall, during the Term of the Loan Agreement, remain in possession, enjoyment and control of all of the Chattel consistent with the Lease, and shall receive, use, enjoy and dispose of all rents, earnings, surplus, profits, revenues and income; and Borrower shall comply with all laws, ordinances and other regulations and require its Lessee to so comply in the use, operation and ownership of the Chattel.

4.2 Waste and Inspection. During the Term of the Loan Agreement, Borrower shall keep and maintain the Chattel in good order and repair and eligible for interchange service, and shall not misuse or abuse the Chattel, nor shall Borrower allow or permit the Chattel to be abused, wasted or allowed to deteriorate, except for ordinary wear and tear arising from its intended use. In addition, Borrower agrees to permit Lender to inspect and examine the Chattel and all maintenance and operational records at any reasonable time, regardless of the location thereof, and further agrees to supply Lender with any information respecting the Chattel that Lender may from time to time reasonably request of Borrower; however, Lender shall have no obligation to inspect or examine the Chattel or the maintenance and operational records associated with it. Borrower further agrees to notify Lender of any material damage to the Chattel.

4.3 Event of Loss. In the event that any unit of the Chattel shall suffer an Event of Loss, Borrower shall, promptly after it shall have determined that such unit has suffered an Event of Loss cause Lender to be fully informed in regard thereto and Borrower shall make payment to Lender or substitute a like unit in accordance with Sub-section 3.1 of the Loan Agreement. Upon payment or substitution by Borrower to Lender as set forth in Sub-section 3.1 of the Loan Agreement, absolute right to the possession of such unit shall pass to and vest in Borrower, without further action on the part of Lender, except that Lender, if requested by Borrower, will execute and deliver to Borrower, at the expense of Borrower, an appropriate instrument confirming the release of Lender's security interest, in such unit, in recordable form, in order that Borrower may make clear upon the public records the title of Borrower to such unit.

4.4 Liens. During the Term of the Loan Agreement, Borrower covenants that it will not sell the Chattel, nor will it encumber the Chattel or subject the Chattel to any unpaid charge or claim of third parties (except as set forth in the Lease and except as to the rights and interests of McDonnell Douglas Finance Corporation, a Delaware corporation, prior to the release of such rights and interests on the Closing Date), either voluntarily or involuntarily, without first obtaining the prior written consent of Lender to do so; and, if Borrower should obtain Lender's prior written consent as to any sale or encumbrance of the Chattel, or to the subjection of the Chattel to any unpaid charge or claim of third party or parties, then such sale, encumbrance, subjection, charge or claim shall be only upon the express terms and conditions contained in such consent of Lender.

4.5 Title. Borrower hereby warrants and represents to Lender that (a) except as specified in Section 2 of this Assignment and Security Agreement, and except for the rights and interests of McDonnell Douglas Finance Corporation; which rights and interest will be released on the Closing Date, the Collateral is presently free and clear of any and all liens, encumbrances, claims, or charges of third parties, (b) Borrower owns and holds title to the Collateral, (c) Borrower has a good right to grant a Security Interest in the Collateral to Lender, and (d) Borrower will defend legal title to the Collateral against the claims and demands of all parties.

4.6 Recording of Lien. Borrower hereby agrees, at its own expense, to execute and reexecute and deliver and redeliver appropriate documents to enable Lender to perfect, preserve and protect its Security Interest or its lien in and on the Collateral, and does hereby authorize Lender to file and record any such documents for such purpose.

4.7 Alterations. Borrower covenants that it will not make or cause to be made any material changes or alterations to the Collateral, without Lender's prior written consent, unless such changes or alterations are necessary or appropriate to the operations of Borrower's business and such changes or alterations do not adversely affect the value of the Collateral.

4.8 Marking of Equipment. Borrower will cause each unit of the Chattel to be kept numbered with the road number of the Lessee, or, such road number as shall be set forth in any amendment or supplement hereto extending this Assignment and Security Agreement to cover the Chattel, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership Subject To Documents Filed Under The Interstate Commerce Act", or other appropriate words designated by Lender, with appropriate changes and additions as from time to time may be required by law in order to protect Lender's interest in the Chattel and its rights under this Assignment and Security Agreement. Borrower will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace or will cause to be replaced promptly any such markings which may be removed, defaced or destroyed. Borrower will not permit the identifying number of any unit of the Chattel to be changed except in accordance with a statement of new number or numbers to be substituted therefore, which statement previously shall have been filed with Lender and filed, recorded and deposited by Borrower in all public offices where this Assignment and Security Agreement shall have been filed, recorded and deposited.

4.9 Lender's Performance. In case Borrower shall fail to pay all taxes, charges and assessments described herein, or to keep the Chattel insured as herein provided, Lender may, in the event that in its discretion it so elects, pay such taxes, charges or assessments and provide such insurance, after fifteen (15) days notice to Borrower, and all sums of money so applied by Lender, with interest thereon at the rate specified in Section 2.3 of the Loan Agreement, shall be payable by Borrower to Lender, and Borrower hereby agrees and covenants to pay such sums with interest on demand.

In addition, Borrower agrees that if it fails to perform any act which it is required to perform under this Assignment and Security Agreement, Lender, after fifteen days notice to Borrower, may, but shall not be obligated to, perform or cause to be performed such act and may pay such money and any reasonable expenses thereby incurred by Lender, and any money so paid by Lender, shall be a demand obligation owing by Borrower and shall bear interest at the rate specified in Section 2.3 of the Loan Agreement from the date of making such payment until paid and shall be part of the indebtedness hereby secured, and Lender shall be subrogated to all rights of the person receiving such payment.

4.10 Assignment as Security. This Assignment and Security Agreement is executed only as security and, therefore, the execution and delivery of this Assignment and Security Agreement shall not subject Borrower to, or transfer, or pass, or in any way affect or modify the liability of Borrower under the Lease, it being understood and agreed that notwithstanding this Assignment and Security Agreement or any subsequent assignment, all obligations of the Borrower to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, Borrower or persons other than Lender. Execution of this Assignment and Security Agreement by Lender shall not be construed to obligate Lender, either to Borrower or Lessee or any other person, to perform any of the covenants, obligations or conditions of the Borrower under the Lease, nor shall Lender be subject to any claim or liability resulting from its action pursuant to this Assignment and Security Agreement except to account for rentals and monies actually received.

4.11 Anticipation of Rents. Borrower will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by Borrower; without the written consent of Lender, Borrower will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and Borrower agrees that any amendment, modification or termination thereof without such consent shall be void.

4.12 Appointment as Attorney. Borrower does hereby constitute Lender Borrower's true and lawful attorney, irrevocably, with full power (in the name of Borrower, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which Borrower is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to Lender may seem to be necessary or advisable in the premises.

4.13 Reversion. Upon the full discharge and satisfaction of all sums due from the Borrower under the Loan Agreement, this Assignment and Security Agreement and all rights herein assigned to Lender shall terminate, and all estate, right, title and interest of Lender in and to the Lease shall revert to Borrower.

Defaults

5 Events of Default. The occurrence of one or more of the following events (herein called "Events of Default") shall constitute a default hereunder:

5.1 Interest Payment. Borrower shall fail to pay an installment of interest on the Note when and as the same shall become due and payable, and such failure shall continue for a period of ten days after written notice to Borrower by Lender; or,

5.2 Principal Payment. Borrower shall fail to pay the principal on the Note when and as the same shall become due and payable, whether at the maturity of any installment, prepayment in full, or otherwise, and such failure shall continue for a period of ten days after written notice to Borrower by Lender; or,

5.3 Additional Payments. Borrower shall fail to pay Obligations due Lender under the Loan Agreement or this Assignment and Security Agreement, other than those described in subsections 5.1 and 5.2, at such time as the same shall be due and payable, and such failure shall continue for a period of ten days after written notice to Borrower by Lender; or,

5.4 Observance of Covenant. Borrower shall fail to observe or perform any other of the covenants, conditions and agreements on the part of Borrower contained in the Note, in the Loan Agreement or in this Assignment and Security Agreement and such failure shall not, within thirty (30) days after written notice shall have been received by Borrower from Lender, have been remedied to Lender's satisfaction, or if such failure cannot be remedied within thirty (30) days, Borrower shall have failed to take the necessary steps to commence the cure of such failure, such satisfaction to be evidenced by a written declaration of Lender filed with Borrower; or,

5.5 Bankruptcy and Insolvency. Borrower shall file a voluntary petition in bankruptcy or a petition or answer seeking reorganization, arrangement, composition or similar relief under the present or any future federal bankruptcy laws or other insolvency law of the United States of America or any state thereof, or shall file a petition to take advantage of any present or future insolvency act or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall consent to the appointment of any receiver, trustee or liquidator of all or a substantial part of its property; or,

5.6 Vacation of Order. If the filing of any petition filed against Borrower seeking any reorganization, arrangement, composition or similar relief under the present or any future federal bankruptcy law or other insolvency law of the United State of America or any state thereof, or the appointment, without the consent of Borrower, of any receiver, trustee or liquidator of all or a substantial part of the property of Borrower shall not be vacated, or shall not be stayed or appealed or shall not have otherwise ceased to continue in effect, within sixty (60) days; or,

5.7 Judgment. The entry of any judgment against Borrower, or the entry of any attachment or other lien against Borrower's property for an amount in excess of \$100,000.00 is not discharged, bonded, dismissed or effectively stayed within sixty (60) days.

5.8 Default Under Other Agreements. Any indebtedness now or hereafter owing by Borrower, for borrowed money under Borrower's major long term loan agreement(s) shall not be paid when due and payable, whether at the due date or at a date fixed for prepayment or upon acceleration or otherwise. For the purposes of this subsection, the phrase "major long term agreement(s)" shall be deemed to mean Borrower's largest monetary obligation(s) owing to a financial institution (banks or insurance companies) having an original principal amount in excess of \$300,000.00, the last installment of which would not be due and payable before a year's period shall have elapsed following any advance of funds.

5.9 Warranty. Any representation or warranty contained in any agreement entered into by and between Borrower and Lender, including this Assignment and Security Agreement, should prove untrue in any material respect.

Remedies

6 Lender's Remedies. Upon the occurrence of an Event of Default:

6.1 Legal Action. Lender may exercise its rights pursuant to this Assignment and Security Agreement or take any legal action available to collect all Obligations, to effect its assignment of the Lease, enforce its right to possession of the Collateral, and to enforce any and all other rights or remedies available to it under applicable law. Such action shall not operate as a waiver of any other right or remedy of Lender under the terms hereof, or by statute, or otherwise. All rights and remedies of Lender are cumulative and not alternative and no waiver of any Event of Default shall operate as a waiver of any other Event of Default.

6.2 Acceleration. The Obligations shall, at the option of Lender, be immediately due and payable. This provision, however, is subject to the condition that if, at any time after the principal of the Note shall have thereby become due and payable, and before any sale of the Collateral shall have been made pursuant to applicable law or Lender's rights under this Assignment and Security Agreement, Borrower shall pay to, or shall deposit with, Lender a sum sufficient to pay all arrearages of principal and interest upon the Note and all other Obligations payable under the Loan Agreement shall have been duly paid, and every other default in the performance of any covenant or provision of the Note, of the Loan Agreement, this Assignment and Security Agreement or any other agreement between Borrower and Lender shall have been remedied to Lender's satisfaction, or arrangements deemed by Lender to be adequate shall be made therefore, then Borrower shall no longer be in default; however, no such termination of default shall extend to or affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

6.3 Sale. Lender, upon obtaining possession of the Chattel, may sell the Chattel or any part thereof at public or private sale either with or without having the Chattel at the place of sale. Insofar as may be lawful, Lender may be a purchaser at such sale. The net proceeds of such sale, after deducting all expenses of Lender in taking, storing, repairing, and selling the Chattel, including reasonable attorneys' fees, shall be credited against the Obligations in accordance with the terms of this Assignment and Security Agreement and the Loan Agreement. Any surplus shall be paid to Borrower, or the person legally entitled thereto. In the event of a deficiency, Borrower shall pay such deficiency to Lender.

Miscellaneous

7 Additional Provisions. In addition to the foregoing, the parties agree as follows:

7.1 Successors and Assigns. The terms and conditions of this Assignment and Security Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7.2 Reliance. Unless otherwise expressly provided, any order, notice, request, certificate or statement of Borrower required or permitted to be made or given under any provision hereof shall be sufficient if signed by its Chairman, President or one of its Vice Presidents and by its Secretary or one of its Assistant Secretaries.

7.3 Counterparts. This Assignment and Security Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

7.4 Governing Law. This Assignment and Security Agreement shall be deemed to have been made under and shall be governed by and construed in accordance with the laws of the State of Illinois.

7.5 Modification, Waiver, Consent. Any modification or waiver of any provision of this Assignment and Security Agreement, or any consent to any departure by Borrower therefrom, shall not be effective in any event unless the same is in writing and signed by Lender, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on Borrower in any event not specifically required of Lender hereunder shall not entitle Borrower to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

7.6 Communications. Any notice, request, demand, consent, approval or other communication provided or permitted hereunder shall be in writing and be given by personal delivery or sent by United States first class mail, postage prepaid, addressed as follows:

if to Lender: American Fletcher Leasing Corporation
180 North LaSalle Street, Suite 3014
Chicago, Illinois 60601

Attention: President

if to Borrower: Rex Railways, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey 07632

Attention: President

With a copy to: Rex-Noreco, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey 07632

Attention: President

7.7 Section Headings, etc. Section headings are inserted for convenience only and shall not affect any construction or interpretation of this Assignment and Security Agreement. All references herein to sections, paragraphs, clauses and other subdivisions refer to the corresponding sections, paragraphs, clauses and other subdivisions of this Assignment and Security Agreement; and the words "herein", "hereof", "hereby", "hereunder", and words of similar import refer to this Assignment and Security Agreement as a whole and not to any particular section, paragraph, clause or other subdivision hereof.

7.8 Further Acts and Instruments. Borrower and Lender shall, from time to time, do and perform such other and further acts and execute and deliver any and all such other and further instruments as may be required or reasonably requested by the other party to establish maintain and protect the respective rights and remedies of the other and to carry out and effect the intents and purposes of this Assignment and Security Agreement.

Rex Railways, Inc.
Assignment and Security Agreement
October 10, 1979, Page 11

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Security Agreement as of the day and year first above written.

Rex Railways, Inc. ("Borrower")

By:

Donald J. Stanton, Et. VP.

American Fletcher Leasing Corporation ("Lender")

By:

E. Lowell Minium, Vice President and Secretary